Neo Performance Materials Reports First Quarter 2025 Results

written by Raj Shah | May 9, 2025

Strong Q1 2025 Results with 59% increase in Adjusted EBITDA[(1)] with Continuing Operational Excellence and Strengthening Supply Chains

May 9, 2025 (Source) – Neo Performance Materials Inc. ("**Neo**") (TSX: NEO) reported today its first quarter 2025 financial results. The financial statements and management's discussion and analysis ("**MD&A**") for the three months ended March 31, 2025 are available at www.neomaterials.com and on SEDAR+ at www.sedarplus.ca. All financial amounts in this news release and the Company's financial disclosures are in United States dollars, unless otherwise stated.

"Neo's Q1 2025 results have again demonstrated its resilience and strategic importance within global supply chains. Amid an increasingly complex global macro environment, Neo continues to deliver exceptional performance. Our financial results exceeded expectations, demonstrating our ability to navigate volatility while maintaining a focus on execution. We have made significant progress on our growth projects, particularly in ramping up our rare earth permanent magnet production capabilities in Europe. We have also taken a leading role in the push to localize rare earth supply chains."

"Chemicals & Oxides delivered its strongest EBITDA performance in recent years, driven by our emission catalyst business and increased volumes in water treatment. Magnequench performed in line with expectations, delivering strong EBITDA, and our Rare

Metals segment posted solid results despite the anticipated normalization of hafnium prices. These achievements demonstrate our dedication to operational excellence and margin improvement. In addition, completing the JAMR and ZAMR divestitures has amplified our financial strength, positioning us well for growth and disciplined investment in high-return projects."

"Looking ahead, at a time when our products are more in demand than ever, Neo is uniquely positioned to address critical structural gaps in the global supply chain, particularly the absence of permanent magnet manufacturing and heavy rare earth separation capabilities outside of China. We are continuing the engineering and design work on our pilot-scale heavy rare earth separation line in Estonia. Our deep technical expertise and strategically located operational base enable us to meet the accelerating demand for robotics, wind farms, and EVs across global markets. Our investments to date have built the foundation for tomorrow's outperformance. Neo is ready to confidently navigate the path ahead," said Rahim Suleman, Neo's President and Chief Executive Officer.

Key Takeaways

1. ***Strong Adjusted EBITDA Growth***: Neo delivered $17.1 million in Adjusted EBITDA for Q1 2025, marking a 59.2% increase from the same quarter last year.
    a. Magnequench achieved an Adjusted EBITDA of $6.7 million, reflecting a $0.5 million or 9% increase.
    b. Chemicals & Oxides ("**C&O**") reported an Adjusted EBITDA of $6.8 million, a $7.2 million improvement over prior year.
    c. Rare Metals ("**RM**") experienced a slight decrease in Adjusted EBITDA, reporting $8.6 million, down by $0.6 million or 6%.

2. ***Major Capital Project on Track***: The scheduled launch of Neo's European permanent magnet facility (the "**PM facility**") remains both on time and on budget, with large-scale commercial production expected to commence in 2026.
3. ***Sintered Magnet Samples Shipped to Tier 1 Motor Customer:*** In April 2025, Neo successfully shipped the first 18,000 assembled sintered magnet pieces as initial samples from its new European facility to a Tier 1 traction motor customer, marking a significant step in its commitment to the electric vehicle market.
4. ***Heavy Rare Earth Pilot Line Being Engineered and Designed at the Silmet Facility***: Neo continues to engineer and design its heavy rare earth pilot line at its Silmet facility. With decades of commercial-scale heavy rare earth separation experience and an established operation base in Estonia, Neo is uniquely positioned to capitalize on growing market demands for these essential rare earth elements.
5. ***Continued Business Simplification***: On March 31, 2025, Neo completed the sale of its majority equity interests in JAMR and ZAMR, generating approximately $28.0 million in aggregate cash proceeds and marking another key milestone in Neo's operational transformation, as the Company streamlines its business globally and optimizes its asset portfolio to focus on long-term growth ambitions.
6. ***Strengthening Rare Metals Supply Chain***: In April 2025, Neo announced it had signed a non-binding memorandum of understanding with Globe Metals & Mining Ltd. for the offtake of niobium pentoxide from the Kanyika Project in Malawi, providing the framework for future binding commercial offtake agreements to supply Neo's Silmet facility and securing long-term access to critical metals from diversified sources.
7. ***Notable Intellectual Property Litigation Settlement***:

In March 2025, Neo settled, in cash, its most significant outstanding litigation (European patent #1435338) for €10.3 million, plus procedural interest of €1.3 million, totaling €11.6 million ($12.5 million), following a court-issued judgment in February 2025. As part of the resolution, both parties waived their rights to appeal. The expired patent does not impact Neo’s current products or financial performance.

8. ***Strong Liquidity and Balance Sheet Position***: As of March 31, 2025, Neo maintains a solid liquidity position with $77.3 million in cash and a net cash balance of $6.2 million.
9. ***Strategic Review Progressing***: Neo continues its previously announced Special Committee-led strategic review process, which includes the consideration of strategic alternatives and opportunities to maximize shareholder value. The Special Committee remains committed to advancing the strategic review process with Neo’s financial advisors. There can be no assurance that the strategic review process will result in any transaction or other alternative, nor any assurance as to its outcome or timing. In parallel, management has continued to optimize the business, including divestment of non-core assets and improvements to operational performance.
10.

Financial Highlights

- Revenue for Q1 2025 was $121.6 million, compared to Q1 2024 revenue of $122.1 million.
- Operating income for Q1 2025 was $9.6 million, compared to Q1 2024 operating income of $5.9 million.
- Adjusted Net Income[(1)] for Q1 2025 was $3.6 million,

or $0.09 earnings per share, compared to Q1 2024 Adjusted Net Income of $0.4 million or $0.01 per share.

- Adjusted EBITDA for Q1 2025 was $17.1 million, compared to Q1 2024 of $10.8 million.
- Adjusted EBITDA margin[(1)] as a percentage of revenue for Q1 2025 increased to 14.1% from 8.8%, an improvement of 530 basis points from the first quarter of 2024.
- Neo had $77.3 million in cash and $68.4 million in gross debt and $2.8 million in bank advances on its balance sheet as of March 31, 2025. Neo invested $6.8 million in capital expenditures for the three months ended March 31, 2025, mainly comprised of $3.9 million for the construction of the permanent magnet manufacturing facility in Europe.
- In Q1 2025, Neo distributed $2.9 million in dividends to Neo's shareholders.
- A quarterly dividend of CAD$0.10 per common share was declared on May 7, 2025, for shareholders of record on June 17, 2025, with a payment date of June 27, 2025.

(1)	Neo reports certain non-IFRS financial measures including "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Net Income or Loss", "Adjusted Earnings per Share" and others, which are not measures recognized under IFRS and do not have any standardized meaning prescribed by IFRS. Please refer to the "Non-IFRS Financial Measures" section of this news release and the Q1 2025 MD&A for more information.

Solid Business Performance

- **Magnequench**: Performed in line with expectations in the first quarter of 2025, with sales volumes increasing by 7.3% and Adjusted EBITDA margin expanding over the same

quarter last year. This solid performance was driven by continued execution in strategic growth areas, including bonded magnets and bonded powders in traction motor applications, while optimizing its cost structure, and driving improved profitability.

- Key news & highlights this quarter include:
    - European permanent magnet plant ships first samples to Tier 1 traction motor customer – a breakthrough operational achievement.
    - Bonded magnet sales outperformed expectations to deliver record quarterly volumes, up 53% from the prior year and 17% sequentially.
    - Growing potential for increased demand for heavy-rare-earth-free bonded powders amidst geopolitical restrictions.
    - Adjusted EBITDA of $6.7 million for 2025 increased $0.5 million, or 9%, versus the prior year period.

- **C&O**: Delivered ahead of expectations with its strongest Adjusted EBITDA performance in recent quarters. C&O faced a challenging 2024, with rare earth pricing headwinds and the implementation of improvements to reshape the business for improved performance and resilience in the longer term. With the ramp-up of Neo's new emissions control catalyst facility and the sale of the Chinese separation facilities complete, C&O is well-positioned for success.
- Key news & highlights this quarter include:
    - Emissions catalyst volumes went up 4% from the prior year and 21% sequentially.
    - Wastewater treatment volumes for the quarter went up 25% from the previous year.
    - Sale of China rare earth separation facilities delivers $28.0 million in aggregate cash proceeds.

    - Design and engineering are underway for a new heavy rare earth separation pilot line in Europe.
    - Adjusted EBITDA of $6.8 million for the quarter was up $7.2 million, versus the prior year period.

- **Rare Metals**: Delivered a solid quarter, with Adjusted EBITDA down marginally versus the prior year due to the normalization of hafnium pricing, as expected. Rare Metals continues to deliver strong operational execution and financial performance across all of its facilities, while benefiting from market tailwinds across many of its critical material products amid rising geopolitical tension.
- Key news & highlights this quarter include:
    - Hafnium prices have normalized from historic highs – gross margins were down 34% from the prior year on flat volumes.
    - Gallium business continues to see strong demand and higher prices amidst regulatory tailwinds. Neo continues to be the only gallium recycler and upgrader in North America.
    - Rare Metals continues to strengthen its niobium and tantalum supply chain.
    - Adjusted EBITDA of $8.6 million for the quarter was down $0.6 million, or 6%, versus the prior year period.

Additional Updates & Information

European Permanent Magnet Facility Launch on Track

- Neo’s European PM facility in Narva, Estonia, is on track

for a 2026 launch. In April 2025, the facility shipped its first sintered magnet samples for a Tier 1 traction motor customer, marking a significant step forward in providing high-performance materials for the electric vehicle market. The initial production includes 18,000 assembled magnet pieces, which will be tested by the customer and OEM. The magnets are electric vehicle traction motor grade and represent an important technical milestone. Production part approval process ("**PPAP**") products are scheduled for the first half of 2026, with mass production to start later in that year. This facility will position Neo as Europe's largest domestic supplier of sintered magnets and a solution for customers seeking geographic diversity in their supply chain.

- Currently, over 90% of sintered magnets are produced in China, making this facility a critical part of establishing a parallel global supply chain. Strategically located near Neo's European rare earth separation facility, the European PM facility will meet demand for clean energy technologies, including electric vehicle motors and offshore wind turbines. Phase 1 will establish an initial capacity of 2,000 metric tonnes annually, with potential expansion to a cumulative capacity of 5,000 metric tonnes annually in Phase 2. As of March 31, 2025, Neo has spent $62.3 million on the facility, with an expected total capital cost for Phase 1 of $75.0 million.

Heavy Rare Earth Pilot Line Being Designed at the Silmet Facility

- Neo is progressing the initial design phase of a heavy rare earth pilot line at its Silmet facility. The pilot line is planned to produce dysprosium and terbium, supplying the newly constructed PM facility during its

ramp-up phase. Neo will be uniquely positioned to meet growing market demands for these essential rare earth elements, given the company's direct rare earth separation experience and established operation base in Estonia.

Completed Sale of Majority Equity Interest of China Rare Earth Separation Assets

- On March 31, 2025, Neo completed the sale of (i) 86% of the equity interest in JAMR and (ii) 88% of the equity interest in ZAMR. The two transactions generated approximately $28.0 million in aggregate cash proceeds.
- Neo retains a 9% equity interest in JAMR and a 10% equity interest in ZAMR. Neo also secured the exclusive right to distribute JAMR's heavy rare earth products outside of China for an initial term of five years from the closing date, which will provide Neo's customers outside of China with continuity of supply.
- These sales mark another key milestone in Neo's operational transformation, as the Company streamlines its business globally and optimizes its asset portfolio to support its long-term growth ambitions.

Conference Call

Neo's first quarter 2025 financial results webcast and conference call details are provided below.

Webcast / Conference Call Details:

Date: Friday, May 9, 2025

Time: 10:00 AM ET | 7:00 AM PT

Listen Only Webcast: Webcast Link

Conference call: 1-416-945-7677 (local) or 1-888-699-1199 (toll-free long distance) or by visiting Dial-in Link.

A replay of the webcast will be available by clicking on the webcast LINK above and will be archived on the Company's website for a limited period of time. A teleconference recording may be accessed by calling 1-289-819-1450 (local) or 1-888-660-6345 (toll-free long distance) and entering passcode 40582# until June 9, 2025.

Non-IFRS Financial Measures

This new release refers to certain specified financial measures, including non-IFRS financial measures and ratios such as "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Net Income", "Adjusted Earnings per Share", "Debt to Adjusted EBITDA", "Free Cash Flow", "Free Cash Flow conversion", "Net Debt", and "Gross Margin". These specified financial measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and may not be comparable to similar measures presented by other companies. Rather, these specified financial measures are provided as additional information to complement IFRS financial measures by providing further understanding of Neo's results of operations from management's perspective. Neo's definitions of non-IFRS measures used in this presentation may not be the same as the definitions for such measures used by other companies in their reporting.

Specified financial measures such as non-IFRS measures and ratios have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of Neo's financial information reported under IFRS. Neo uses specified financial measures to provide investors with supplemental measures of its base-line operating performance and

to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Neo believes that securities analysts, investors and other interested parties frequently use specified financial measures such as non-IFRS financial measures and ratios in the evaluation of issuers. Neo's management also uses non-IFRS financial measures and ratios to facilitate operating performance comparisons from period to period. Readers are cautioned that these measures should not be construed as an alternative to their nearest or directly comparable financial measures determined in accordance with IFRS as an indication of Neo's financial performance. For further information on how Neo defines such specified financial measures, including non-IFRS financial measures and ratios and, where applicable, their reconciliations to the nearest comparable IFRS measures, please see the "Non-IFRS Financial Measures" section of Neo's MD&A for the three months ended March 31, 2025, which is hereby incorporated by reference into this news release, and at www.neomaterials.com and on SEDAR+ at www.sedarplus.ca.

About Neo Performance Materials

Neo manufactures the building blocks of many modern technologies that enhance efficiency and sustainability. Neo's advanced industrial materials – magnetic powders, rare earth magnets, magnetic assemblies, specialty chemicals, metals, and alloys – are critical to the performance of many everyday products and emerging technologies. Neo's products fast-forward technologies for the net-zero transition. The business of Neo is organized along three segments: Magnequench, Chemicals & Oxides and Rare Metals. Neo is headquartered in Toronto, Ontario, Canada; with corporate offices in Greenwood Village, Colorado, United States; Singapore; and Beijing, China. Neo has a global platform

that includes manufacturing facilities located in China, Germany, Canada, Estonia, Thailand and the United Kingdom, as well as one dedicated research and development centre in Singapore. For more information, please visit www.neomaterials.com.

Cautionary Statements Regarding Forward Looking Statements

This news release contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to future events or future performance of Neo. All statements in this news release, other than statements of historical facts, with respect to Neo's objectives and goals, as well as statements with respect to its beliefs, plans, objectives, expectations, anticipations, estimates, and intentions are forward-looking information.

Specific forward-looking information in this presentation include, but are not limited to: expectations regarding certain of Neo's future results and information, including, among other things, revenue, expenses, growth prospects, capital expenditures, and operations; risk factors relating to national or international economies, geopolitical risk and other risks present in the jurisdictions in which Neo, its customers, its suppliers, and/or its logistics partners operate; statements with respect to current and future market trends that may directly or indirectly impact sales and revenue of Neo, including but not limited to the price of rare earth elements; expected use of cash balances; continuation of prudent management of working capital; source of funds for ongoing business requirements and capital investments; expectations regarding sufficiency of the allowance for uncollectible accounts and inventory provisions; analysis regarding sensitivity of the business to changes in exchange rates and changes in rare earth prices; impact of recently adopted

accounting pronouncements; risk factors relating to intellectual property protection and intellectual property litigation; expectations regarding demand for fan motors and superalloys; expectations regarding the growth of superconductor materials; anticipated completion and launch of Neo's new PM facility in Europe and related commercial production estimates, forecasted budget, commissioning and costs associated with the facility; targeted reductions in SG&A; Neo's requalified product portfolio, including the NAMCO product portfolio, and continued product qualification expected in 2025; anticipated final costs associated with the NAMCO project; expectations regarding tariffs and export controls; securing new automotive customer agreements for PM and emissions control facilities; expectations concerning the continued growth of the Magnequench project and improvements in C&O; expectations concerning any remediation efforts to Neo's design of its internal controls over financial reporting and disclosure controls and procedures; and Neo's 2025 guidance, including Neo's 2025 Adjusted EBITDA guidance and the assumptions relating thereto.

Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Additionally, Neo's 2025 guidance reflects Neo's expectations as to financial performance in 2025 based on assumptions which Neo believes to be reasonable as of the date of this presentation, including but

not limited to continued Magnequench growth, significant improvements in C&O, exiting lower-margin separation assets, strong hafnium demand despite pricing moderation, continued reduction in SG&A expenses, expectations regarding tariffs and export restrictions; securing new automotive customer agreements for PM and emissions control facilities; expectations concerning the continued growth of the Magnequench project and improvements in C&O. Neo believes the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this discussion and analysis should not be unduly relied upon. For more information on Neo, investors should review Neo's continuous disclosure filings available under its profile at www.sedarplus.ca. Information contained in forward-looking statements in this presentation is provided as of the date hereof and Neo disclaims any obligation to update any forward-looking information, whether as a result of new information or future events or results, except to the extent required by applicable securities laws.

HIGHLIGHTS OF FIRST QUARTER 2025 CONSOLIDATED PERFORMANCE

Unaudited; *($000s, except per share information)*	**Three Months Ended March 31,**	
	2025	**2024**
Revenue		
Magnequench	$ 44,273	$ 45,480
C&O	47,500	40,513
Rare Metals	32,705	37,278
Corporate / Eliminations	(2,868)	(1,176)

Consolidated Revenue	**$ 121,610**	**$ 122,095**
Operating Income (Loss)		
Magnequench	$ 1,894	$ 3,384
C&O	5,728	(2,104)
Rare Metals	8,151	8,800
Corporate / Eliminations	(6,184)	(4,132)
Consolidated Operating Income	**$ 9,589**	**$ 5,948**
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”)		
Magnequench	$ 6,657	$ 6,112
C&O	6,842	(380)
Rare Metals	8,640	9,238
Corporate / Eliminations	(5,005)	(4,210)
Consolidated Adjusted EBITDA	**$ 17,134**	**$ 10,760**
Net (Loss) Income	**$ (1,387)**	**$ 849**
(Loss) earnings per share attributable to equity holders of Neo		
Basic	$ (0.04)	$ 0.02
Diluted	$ (0.04)	$ 0.02

Cash spent on property, plant and equipment and intangible assets	$ 11,428	$ 15,979
Cash taxes paid	$ 5,206	$ 7,513
Dividends paid to shareholders	$ 2,921	$ 3,084
Dividend paid to Buss & Buss minority shareholder	$ 7,343	$ —
Repurchase of common shares under Normal Course Issuer Bid	$ —	$ 2,250
As at:	**March 31,2025**	**December 31, 2024**
Cash and cash equivalents	$ 77,329	$ 85,489
Short-term debt, bank advances & other	$ 2,756	$ 2,740
Current & long-term debt	$ 68,389	$ 68,796

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited; *($000s)*	**March 31,2025**	**December 31, 2024**
ASSETS		
Current		
Cash and cash equivalents	$ 77,329	$ 85,489
Accounts receivable	66,393	61,232

Inventories	143,618	139,321
Income taxes receivable	6,133	4,108
Assets held for sale	—	40,949
Other current assets	20,813	24,264
Total current assets	**314,286**	**355,363**
Property, plant and equipment	185,191	178,925
Intangible assets	32,690	33,580
Goodwill	64,277	64,029
Equity method investments	16,618	16,330
Other investments	3,208	217
Deferred tax assets	4,085	4,045
Other non-current assets	774	765
Total non-current assets	**306,843**	**297,891**
Total assets	**$ 621,129**	**$ 653,254**
LIABILITIES AND EQUITY		
Current		
Short-term debt	$ 2,756	$ 2,740
Accounts payable and other accrued charges	62,672	69,546
Income taxes payable	12,198	10,463
Provisions	540	12,512
Lease obligations	1,118	1,229
Derivative liability	45,551	47,416
Current portion of long-term debt	4,476	4,610

Liabilities directly associated with the assets held for sale	—	10,254
Other current liabilities	894	647
Total current liabilities	**130,205**	**159,417**
Long-term debt	63,913	64,186
Derivative liability	1,352	1,311
Provisions	5,924	6,726
Deferred tax liabilities	11,655	12,646
Lease obligations	3,109	3,244
Other non-current liabilities	716	842
Total non-current liabilities	**86,669**	**88,955**
Total liabilities	**216,874**	**248,372**
Non-controlling interest	592	2,714
Equity attributable to equity holders of Neo Performance Materials Inc	403,663	402,168
Total equity	**404,255**	**404,882**
Total liabilities and equity	**$ 621,129**	**$ 653,254**

See accompanying notes to this table in Neo's unaudited interim condensed consolidated financial statements as at March 31, 2025 and for the period then ended.

CONSOLIDATED RESULTS OF OPERATIONS

Unaudited;*($000s)*	**Three Months Ended March 31,**	
	2025	**2024**

Revenue	$ 121,610	$ 122,095
Cost of sales		
Cost excluding depreciation and amortization	88,881	94,748
Depreciation and amortization	1,921	1,930
Gross profit	**30,808**	**25,417**
Expenses		
Selling, general and administrative	15,308	14,642
Share-based compensation	936	(96)
Depreciation and amortization	1,781	1,728
Research and development	3,194	3,195
Total expenses	21,219	19,469
Operating income	**9,589**	**5,948**
Other (expense) income	(4,712)	3,679
Finance cost, net	(6,073)	(1,340)
Foreign exchange gain (loss)	3,785	(722)
Income from operations before income taxes and equity income (loss) of associates	2,589	7,565

Income tax expense	(4,356)	(4,341)
(Loss) income from operations before equity income (loss) of associates	(1,767)	3,224
Equity income (loss) of associates (net of income tax)	380	(2,375)
Net (loss) income	**$ (1,387)**	**$ 849**
Attributable to:		
Equity holders of Neo Performance Materials Inc	$ (1,480)	$ 873
Non-controlling interest	93	(24)
	$ (1,387)	**$ 849**
(Loss) earnings per share attributable to equity holders of Neo:		
Basic and diluted	$ (0.04)	$ 0.02

For additional information, refer Neo's MD&A for the three months ended March 31, 2025.

RECONCILIATIONS OF NET LOSS TO EBITDA, ADJUSTED EBITDA AND FREE CASH FLOW

Unaudited*; ($000s, except volume)*	**Three Months Ended March 31,**	
	2025	**2024**

Sales volume (tonnes)	3,325	3,082
Revenue	$ 121,610	$ 122,095
Net (loss) income	**$ (1,387)**	**$ 849**
Add back:		
Finance costs, net	6,073	1,340
Income tax expense	4,356	4,341
Depreciation and amortization included in cost of sales	1,921	1,930
Depreciation and amortization included in operating expenses	1,781	1,728
EBITDA	**12,744**	**10,188**
Adjustments to EBITDA:		
Other expense (income)	4,712	(3,679)
Foreign exchange (gain) loss	(3,785)	722
Equity (income) loss of associates	(380)	2,375
Share-based compensation	936	(96)
Project start-up and transition costs	2,907	1,250
Adjusted EBITDA	**$ 17,134**	**$ 10,760**

Adjusted EBITDA Margin	14.1 %	8.8 %
Less:		
Capital expenditures	$ 6,830	$ 17,477
Free Cash Flow	**$ 10,304**	**$ (6,717)**
For additional information, refer Neo's MD&A for the three months ended March 31, 2025.		

RECONCILIATIONS OF NET (LOSS) INCOME TO ADJUSTED NET (LOSS) INCOME

Unaudited;*($000s)*	**Three Months Ended March 31,**	
	2025	**2024**
Net (loss) income	**$ (1,387)**	**$ 849**
Adjustments to net (loss) income:		
Foreign exchange (gain) loss	(3,785)	722
Share-based compensation	936	(96)
Project start-up & transition costs	2,907	1,250
Other items included in other expense (income)	4,808	(3,048)
Tax impact of the above items	168	716

Adjusted net income	**$ 3,647**	**$ 393**
Attributable to:		
Equity holders of Neo	$ 3,554	$ 417
Non-controlling interest	93	(24)
Weighted average number of common shares outstanding:		
Basic (000s)	41,773	41,832
Diluted (000s)	42,427	42,494
Adjusted earnings per share attributable to equity holders of Neo:		
Basic	$ 0.09	$ 0.01
Diluted	$ 0.08	$ 0.01

For additional information, refer Neo's MD&A for the three months ended March 31, 2025.

SOURCE Neo Performance Materials, Inc.

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